

Trustee of _____

Address _____

Dear Trustee

AUDIT ENGAGEMENT LETTER

The Objective and Scope of the Audit

You have requested that we audit 's (the Fund):

1. financial report, which comprises the statement of financial position as at 30 June 2012 and the operating statement for the period then ended and the notes to the financial statements; and
2. compliance during the same period with the requirements of the Superannuation Industry (Supervision) Act 1993 (SISA) and SIS Regulations (SISR) specified in the approved form auditor's report as issued by the ATO, which are sections 17A, 35A, 35B, 35C(2), 52(2)(d), 52(2)(e), 62, 65, 66, 67, 69-71E, 73-75, 80-85, 103, 104A, 109 and 126K of the SISA and regulations 1.06(9A), 4.09, 5.03, 5.08, 6.17, 7.04, 13.12, 13.13, and 13.14 of the SISR.

We are pleased to confirm our acceptance and our understanding of this engagement by means of this letter. Our audit will be conducted pursuant to the SISA with the objective of our expressing an opinion on the financial report and the fund's compliance with the specified requirements of the SISA and SISR.

The Responsibilities of the Auditor

We will conduct our financial audit in accordance with Australian Auditing Standards and our compliance engagement in accordance with applicable Standards on Assurance Engagements, issued by the Auditing and Assurance Standards Board (AUASB). These standards require that we comply with relevant ethical requirements relating to audit and assurance engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that you have complied, in all material respects, with the specified requirements of the SISA and SISR.

The annual audit of the financial reports and records of the Fund must be carried out during and after the end of each year of income. In accordance with section 35 of the SISA, we are required to provide to the trustees of the Fund an auditor's report in the approved form within the prescribed time as set out in the SISR, being a day before the latest date stipulated by the ATO for lodgement of the fund's Annual Return.

Financial Audit

A financial audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. A financial audit also includes evaluating the appropriateness of the financial reporting framework, accounting policies used and the reasonableness of accounting estimates made by the trustees, as well as evaluating the overall presentation of the financial report. Due to the test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, there is an unavoidable risk that even some material misstatements may remain undiscovered.

In making our risk assessments, we consider internal controls relevant to the fund's preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the fund's internal controls. However, we expect to provide you with a separate letter concerning any significant deficiencies in the fund's system of accounting and internal controls that come to our attention during the audit of the financial report. This will be in the form of a trustee letter.

Compliance Engagement

A compliance engagement involves performing audit procedures to obtain audit evidence about the fund's compliance with the provisions of the SISA and SISR specified in the ATO's approved form auditor's report.

Our compliance engagement with respect to investments includes determining whether the investments are made for the sole purpose of funding members' retirement, death or disability benefits and whether you have an investment strategy for the fund, which gives due consideration to risk, return, liquidity and diversification. Our procedures will include testing whether the investments are made for the allowable purposes in accordance with the investment strategy, but not for the purpose of assessing the appropriateness of those investments to the members.

The Responsibilities of the Trustees

We take this opportunity to remind you that it is the responsibility of the trustees to ensure that the fund, at all times, complies with the SISA and SISR as well as any other legislation relevant to the fund. The trustees are also responsible for the preparation and fair presentation of the financial report.

Our auditor's report will explain that the trustees are responsible for the preparation and the fair presentation of the financial report and for determining that the accounting policies used are consistent with the financial reporting requirements of the SMSF's governing rules, comply with the requirements of SISA and SISR and are appropriate to meet the needs of the members. This responsibility includes:

- Establishing and maintaining controls relevant to the preparation of a financial report that is free from misstatement, whether due to fraud or error. The system of accounting and internal control should be adequate in ensuring that all transactions are recorded and that the recorded transactions are valid, accurate, authorised, properly classified and promptly recorded, so as to facilitate the preparation of reliable financial information. This responsibility to maintain adequate

internal controls also extends to the Fund's compliance with SIS including any Circulars and Guidelines issued by a relevant regulator to the extent applicable. The internal controls should be sufficient to prevent and/or detect material non-compliance with such legislative requirements.

- Selecting and applying appropriate accounting policies.
- Making accounting estimates that are reasonable in the circumstances.
- Making available to us all the books of the Funds, including any registers and general documents, minutes and other relevant papers of all Trustee meetings and giving us any information, explanations and assistance we require for the purposes of our audit. Section 35C(2) of SIS requires that Trustees must give to the auditor any document that the auditor requests in writing within 14 days of the request.

As part of our audit process, we will request from the trustees written confirmation concerning representations made to us in connection with the audit.

Our audit report is prepared for the members of the Fund and we disclaim any assumption of responsibility for any reliance on our report, or on the financial report to which it relates, to any person other than the members of the fund, or for any purpose other than that for which it was prepared.

Independence

We confirm that, to the best of our knowledge and belief, the engagement team meets the current independence requirements of the Code of Ethics for Professional Accountants as issued by the Accounting Professional & Ethical Standards Board in relation to the audit of the fund. In conducting our financial audit and compliance engagement, should we become aware that we have contravened the independence requirements, we shall notify you on a timely basis.

Report on Matters Identified

Under section 129 of the SISA, we are required to report to you in writing, if during the course of, or in connection with, our audit, we become aware of any contravention of the SISA or SISR which we believe has occurred, is occurring or may occur. Furthermore, you should be aware that we are also required to notify the Australian Taxation Office (ATO) of certain contraventions of the SISA and SISR that we become aware of during the audit, which meet the tests stipulated by the ATO, irrespective of the materiality of the contravention or action taken by the trustees to rectify the matter. Finally, under section 130, we are required to report to you and the ATO if we believe the financial position of the Fund may be, or may be about to become unsatisfactory.

We will inform you of certain uncorrected misstatements we identified during the audit that were considered to be immaterial and request that you confirm in writing that the effects of any uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements taken as a whole.

You should not assume that any matters reported to you, or that a report that there are no matters to be communicated, indicates that there are no additional matters, or matters that you should be aware of in meeting your responsibilities. The completed audit report may be provided to you as a signed hard copy or a signed electronic version.

Compliance Program

The conduct of our engagement in accordance with Australian Auditing Standards and applicable Standards on Assurance Engagements means that information acquired by us in the course of our engagement is subject to strict confidentiality requirements. Information will not be disclosed by us to other parties except as required or allowed for by law or professional standards, or with your express consent. Our audit files may, however, be subject to review as part of the compliance program of a professional accounting body or the ATO. We advise you that by signing this letter you acknowledge that, if requested, our audit files relating to this audit will be made available under these programs. Should this occur, we will advise you. The same strict confidentiality requirements apply under these programs as apply to us as your auditor.

Limitation of liability

As a firm participating in a scheme approved under Professional Services Legislation, our liability may be limited under the scheme.

Fees

Our fees are based on a standard schedule of fees published on our website at www.fundauditor.com.au. We look forward to full co-operation with you and your administrator and we trust that you and/or your administrator will make available to us whatever records, documentation and other information are requested in connection with our audit.

Other

This letter will be effective for future years unless we advise you of its amendment or replacement, or the engagement is terminated.

Yours faithfully,

FUND AUDITOR PTY LIMITED

ABN 32 154 214 114

PO Box 828

Campbelltown NSW 2560

I/We understand and agree with the terms of this engagement:

Trustee/ Director
Date

Trustee/ Director

SIGN HERE

FUND AUDITOR PTY LIMITED

PO Box 828
Campbelltown NSW 2560

Dear Sir/Madam,

TRUSTEE REPRESENTATION LETTER

This representation letter is provided in connection with your audit of the financial report of the Fund and the Fund's compliance with the Superannuation Industry (Supervision) Act 1993 (SISA) and SIS Regulations (SISR), for the year ended (the Period), for the purpose of you expressing an opinion as to whether the financial report is, in all material respects, presented fairly in accordance with the accounting policies adopted by the Fund and the Fund complied, in all material respects, with the relevant requirements of SISA and SISR.

The trustees have determined that the Fund is not a reporting entity for the Period and that the requirement to apply Australian Accounting Standards and other mandatory reporting requirements do not apply to the Fund. Accordingly, the financial report prepared is a special purpose financial report which is for distribution to members of the Fund and to satisfy the requirements of the SISA and SISR. We acknowledge our responsibility for ensuring that the financial report is in accordance with the accounting policies as selected by ourselves and requirements of SISA and SISR, and confirm that the financial report is free of material misstatements, including omissions.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. Self-Managed Superannuation Fund (SMSF) and Residency

The Fund meets the definition of a SMSF under SISA, including that no member is an employee of another member, unless they are relatives and no trustee or director of the corporate trustee receives any remuneration for any duties or services performed by the trustee or director in relation to the fund.

The fund was an Australian Superannuation Fund at all times, specifically:

- (a) the fund was established in Australia; and
- (b) the central managed and control of the fund is ordinarily in Australia; and
- (c) either the fund had no active member, have active members who are Australian residents and who hold at least 50% of:
 - the total market value of the Fund's assets attributable to superannuation interests held by active members, or
 - the sum of the amounts that would be payable to active members if they decided to leave the fund.

2. Sole purpose test

The Fund is maintained for the sole purpose of providing benefits for each member on their retirement, death, termination of employment or ill-health (where a condition of release is satisfied).

3. Trustees are not disqualified

No disqualified person acts as a director of the trustee company or as an individual trustee.

4. Trust deed, trustees' responsibilities and fund conduct

The Fund has been conducted in accordance with its constituent trust deed at all times during the year and there were no amendments to the trust deed during the year, except as notified to you. There has been no fraud (actual, suspected or alleged), error or non-compliance with the SISA, SISR and the governing rules of the Fund.

The trustees have complied with all aspects of the trustee requirements of the SISA and SISR. The trustees are not subject to any contract or obligation which would prevent or hinder the trustees in properly executing their functions and powers.

The Fund has complied with the requirements of the SISA and SISR specified in the approved form auditor's report as issued by the ATO, which are sections 17A, 35A, 35B, 35C(2), 52(2)(d), 52(2)(e), 62, 65, 66, 67, 69-71E, 73-75, 80-85, 103, 104A, 109 and 126K of the SISA and regulations 1.06(9A), 4.09, 5.03, 5.08, 6.17, 7.04, 13.12, 13.13, and 13.14 of the SISR.

All contributions accepted and benefits paid have been in accordance with the governing rules of the Fund and relevant provisions of the SISA and SISR.

There have been no communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial report.

5. Investment strategy

The investment strategy has been determined with due regard to risk, return, liquidity and diversity, and the assets of the Fund are in line with this strategy. The Trustees have duly considered the need to obtain insurance over Fund assets in order to safeguard the interests of the members.

6. Accounting policies

All the significant accounting policies of the Fund are adequately described in the financial report and the notes attached thereto. These policies are appropriate for the Fund and are consistent with the policies adopted last year, unless otherwise stated.

7. Fund books and records

We have made available to you all financial records and related data, other information, explanations and assistance

necessary for the conduct of the audit, including SMSF annual return; and minutes of all meetings of the trustees. All non-original documents supplied by us, whether photocopied, faxed, scanned, electronically or otherwise, are true copy and correct representations of the original documents.

We acknowledge our responsibility for the design and implementation of internal control to prevent and detect error. We have established and maintained an adequate internal control structure to facilitate the preparation of reliable financial reports, and adequate financial records have been maintained. There are no material transactions that have not been properly recorded in the accounting records underlying the financial report.

All accounting records and financial reports have been kept for 5 years, minutes and records of trustees' or directors of the corporate trustee meetings have been kept for 10 years and trustee declarations in the approved form have been signed and kept for each trustee appointed after 30 June 2007.

8. Asset form and valuation

The assets of the Fund are being held in a form suitable for the benefit of the members of the Fund, and are in accordance with our investment strategy.

Investments are carried in the books at market value, unless otherwise noted in the financial report. Such amounts are considered reasonable in light of present circumstances.

We have no plans or intentions that may materially affect the carrying values, or classification, of assets and liabilities. There are no commitments, fixed or contingent, for the purchase or sale of long term investments that have not been disclosed..

9. Ownership and pledging of assets

The Fund has satisfactory title to all assets appearing in the statement of financial position/ net assets. All investments are registered in the name of the Fund, where possible, and are in the custody of the respective manager/trustee.

There are no liens or encumbrances on any assets or benefits and no assets, benefits or interests in the Fund have been pledged or assigned to secure liabilities of others, unless under an arrangement permitted by the SISA.

All assets of the Fund are held separately from the assets of the members, employers and the trustees. All assets are acquired, maintained and disposed of on an arm's length basis and appropriate action is taken to protect the assets of the Fund.

Where the assets are registered in the name of the trustee, the individual(s) or director(s) confirm that all such assets are held by them in trust for the Fund.

10. Related parties

Related party transactions and related amounts receivable have been properly recorded or disclosed in the financial report. Acquisitions from, loans to, leasing of assets to and investments in related parties have not exceeded the in-house asset restrictions in the SISA at the time of the investment, acquisition or at year end. All related party transactions have been brought to your attention.

The Fund has not made any loans or provided financial assistance to members of the Fund or their relatives.

11. Borrowings

The Fund has not borrowed money or maintained any borrowings during the period, with the exception of borrowings which were allowable under SISA.

12. Subsequent events

No events or transactions have occurred since the date of the financial report, or are pending, which would have a significant adverse effect on the Fund's financial position at that date, or which are of such significance in relation to the Fund as to require mention in the notes to the financial statements in order to ensure they are not misleading as to the financial position of the Fund or its operations.

13. Outstanding legal action

The trustees confirm that there is no outstanding legal action or claims against the Fund.

There have been no communications from the ATO concerning a contravention of SISA or SISR which has occurred, is occurring, or is about to occur.

We understand that your examination was made in accordance with Australian Auditing Standards and applicable Standards on Assurance Engagements and was, therefore, designed primarily for the purpose of expressing an opinion on the financial report of the Fund taken as a whole, and on the compliance of the Fund with specified requirements of SISA and SISR, and that your tests of the financial and compliance records and other auditing procedures were limited to those which you considered necessary for that purpose.

Yours faithfully

Fund Name: _____

Trustee
Date

Trustee

